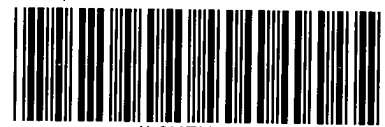


Grace Construction Products Limited
(Registered Number: 00614807)

Directors' Report and Financial Statements

Year Ended 31 December 2013

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Grace Construction Products Limited

Strategic Report for the Year Ended 31 December 2013

The directors present their strategic report of the company for the year ended 31 December 2013.

Principal activities

The company's principal activities are the manufacture and sale of waterproofing and fireproofing products to the construction industry and the manufacture of concrete and cement additives.

Review of business and future developments

The company experienced an increase in its sales levels due to market conditions and the gross margin was higher during the year as a result of better cost control. The company plan to continue to expand its product range and take advantage of favourable market conditions which the sector is experiencing and to continue the practice of better cost control

Principal risks and uncertainties

In the opinion of the directors, the principal risks and uncertainties relate to competition from other manufacturers, employee retention and customer payments.

Competition from other manufacturers

Management hold regular meetings where the business and competition are discussed including potential business gains and losses. The company offers quality products, availability and customer service thus gaining a competitive edge.

Employee retention

The company has already implemented generous incentive schemes, which have proved to be excellent tools towards attracting new recruits and the success of the employee retention policy.

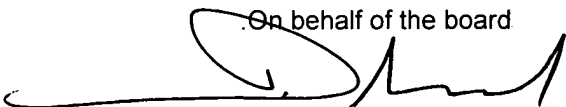
Customers

Grace Construction Products Limited carries out frequent reviews of the customer base through regular credit checks and export sales are made through letters of credit to avoid any potential defaults on their payments.

Key performance indicators

The company's directors analyse the business using four key performance indicators, which are turnover, gross margins, pre-tax profit and cash. The increase in turnover during the year, compared to the previous year was substantially due to market conditions. Gross margins improved by £1,083,000 from 28.50% to 29.70% as a result of better cost control. Pretax profits increased from a loss of £1,532,000 in 2012 to a profit of £ 2,017,000 as a consequence of the above and a significant reduction in administrative expenses, mainly attributable to a reduction in recharges received from other group companies and an increase in the recharge of employee related costs to other group companies.

On behalf of the board



David Michael
Director

Date 24/09/14

Grace Construction Products Limited

Directors' Report for the Year Ended 31 December 2013

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2013.

Results and dividends

The company's profit for the financial year was £2,025,000 (2012: loss £1,091,000). The directors do not recommend the payment of a dividend (2012: Nil).

Directors

The following have been directors during the year and up to the date of signing these financial statements.

David Michael
Andrew Kelly
Graham Moorfield
Jens Ebinghause
Richard Finn
Alexander Nielsen
Peter Pleier

Research and development

The company undertakes research and development for various products and has access to research carried out by its ultimate parent company WR Grace & Co.

Employment of disabled persons

It is the policy of the company to consider the skills and aptitudes of disabled persons fully and fairly at all times in recruitment, career development, training and promotion. In pursuing this policy, and having special concern for employees who become disabled, all practical measures are taken to ensure that disabled persons are placed in jobs suited to their individual circumstances.

Information to employees

The company holds regular meetings with representatives of employees to discuss and consult on matters of mutual interest.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable

Grace Construction Products Limited

Directors' Report for the Year Ended 31 December 2013 (Continued)

Statement of directors' responsibilities (Continued)

law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that:

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution to reappoint them will be proposed at the annual general meeting in accordance with section 487 of the Companies Act 2006.

On behalf of the board



David Michael
Director

Date 29/09/14

Grace Construction Products Limited

Independent Auditors' Report to the Members of Grace Construction Products Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Grace Construction Products Limited, comprise:

- Balance Sheet as at 31 December 2013;
- Profit and Loss Account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Directors' Report and Financial Statements (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Grace Construction Products Limited

Independent Auditors' Report to the Members of Grace Construction Products Limited - Continued

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 2 to 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Christopher Maw (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge

29/09/14

Grace Construction Products Limited

Profit and Loss Account for the Year Ended 31 December 2013

	Note	2013 £'000	2012 £'000
Turnover	2	29,758	27,239
Cost of sales		(20,926)	(19,490)
Gross profit		8,832	7,749
Distribution costs		(6,638)	(5,034)
Administrative expenses (including impairment of investments of £Nil (2012: £600,000))		(213)	(4,288)
Operating profit/(loss)	3	1,981	(1,573)
Interest receivable and similar income	6	58	59
Interest payable and similar charges	7	(22)	(18)
Profit/(loss) on ordinary activities before taxation		2,017	(1,532)
Tax on profit/(loss) on ordinary activities	8	8	441
Profit/(loss) for the financial year	18,19	2,025	(1,091)

All amounts relate to continuing operations.

The company has no recognised gains or losses during the years other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit/(loss) on ordinary activities before taxation and the loss for the financial years stated above and their historical cost equivalents.

Grace Construction Products Limited

Registered Number: 00614807

Balance Sheet as at 31 December 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Intangible assets	9	-	-
Tangible assets	10	1,147	1,140
Investments	11	182	182
		1,329	1,322
Current assets			
Stocks	12	1,702	2,138
Debtors (including £5,663,000 (2012:£5,663,000) due after one year)	13	20,802	19,401
Cash at bank and in hand		-	356
		22,504	21,895
Current liabilities			
Creditors – amounts falling due within one year	14	(11,416)	(12,852)
Net current assets		11,088	9,043
Total assets less current liabilities		12,417	10,365
Provisions for liabilities	16	(114)	(87)
Net assets		12,303	10,278
Capital and reserves			
Called up share capital	17	13,525	13,525
Share premium account	18	832	832
Profit and loss account	18	(2,054)	(4,079)
Total shareholders' funds	19	12,303	10,278

The financial statements on pages 6 to 19 were approved by the board of directors on 2014 and were signed on its behalf by:



David Michael
Director

29/09/14

Grace Construction Products Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

1 Accounting policies

(a) Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

The financial statements contain information relating to Grace Construction Products Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is a wholly-owned subsidiary of W.R. Grace Limited and is included in the consolidated financial statements of the ultimate holding company W.R. Grace & Co. which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 401 of the Companies Act 2006.

(b) Fixed assets

(i) Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical purchase cost attributable to bringing the asset to its working condition for its intended use less accumulated depreciation. Depreciation is calculated to write off cost less the estimated residual value of tangible fixed assets by instalments over their estimated useful economic life.

Depreciation is charged to the profit and loss account on a straight line basis at the following annual rates:

Leasehold buildings	The shorter of 2% or remaining life of lease
Plant and machinery	5% to 25%

(ii) Intangible fixed assets

Intangible fixed assets represent patents and purchased goodwill stated at cost less amortisation. Purchased goodwill represents the excess of consideration paid over the estimated fair value of the assets acquired. Amortisation is provided on a straight line basis to write off cost over estimated useful life of 20 years, being the period expected to benefit. The directors carry out an annual impairment review.

(c) Stocks and work in progress

Stocks and work in progress are stated at the lower of cost (using first-in, first-out methodology), and net realisable value. Cost includes expenditure directly incurred in bringing stocks and work in progress to their current condition together with an appropriate proportion of production overhead expenditure.

Provision is made for obsolete, slow moving and defective stocks.

Grace Construction Products Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

1 Accounting policies (Continued)

(d) Dilapidation provision

The provisions are made for the estimated costs of dilapidation repairs. The provision calculated is over the period of a tenancy based on the yearly obligation arising from the extent of the wear and tear taking place each year.

(e) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

(f) Turnover

Turnover comprises the amount receivable for goods supplied, excluding value added tax and net of trade discounts. Turnover is recognised on delivery of goods to the customer.

(g) Foreign currencies

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the date of the balance sheet or at the agreed contractual rate. Transactions in foreign currencies are converted to sterling at the rate ruling at the date of the transaction. All differences on exchange are taken to the profit and loss account in the period in which they arise.

(h) Operating leases

Rentals are charged to the profit and loss account on a straight line basis over the term of the lease.

(i) Pensions

The company participates in a multi-employer defined benefit pension scheme for the benefit of the majority of its employees, the assets of which are held separately from those of the company in independently administered funds. As the company is unable to identify its share of the assets and liabilities of the group scheme, it accounts for contributions as if they were to a defined contribution pension scheme in accordance with Financial Reporting Standard 17.

(j) Research and development

Research and development expenditure is written off to the profit and loss account as it is incurred.

Grace Construction Products Limited

Notes to the Financial Statements for the Year Ended 31 December 2013 (continued)

1 Accounting policies (Continued)

(k) Cash pooling

The company, along with other European members of the Grace group, is party to a cash pooling arrangement with Deutsche Bank whereby each members' local bank accounts are zero balanced each day by transfer to or from Grace Construction Products N.V. a fellow group company, in order to more efficiently manage the overall European cash resources through the treasury department of this company. See note 15.

(l) Investments

Investments in group undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

2 Turnover

All turnover arose in the United Kingdom. Analysis of turnover by geographical destination is set out below:

	2013 £'000	2012 £'000
United Kingdom	23,427	21,567
Rest of Europe	5,994	5,176
Other	337	496
	29,758	27,239

3 Operating profit/(loss)

	2013 £'000	2012 £'000
Operating profit/(loss) is stated after charging/(crediting):		
Staff costs including directors' emoluments (note 4):		
Wages and salaries	5,341	5,089
Social security costs	651	560
Other pension costs (note 21)	710	648
Staff costs total	6,702	6,297
Depreciation of tangible fixed assets	148	221
Amortisation of intangible fixed assets	-	-
Investment impairment review (note 11)	-	600
(Profit)/loss on disposal of fixed assets	(3)	23
Foreign exchange (profit)/loss	(25)	101
Operating lease rental - land and buildings	394	404
- other	246	244
Auditors' remuneration - audit services	43	48

Grace Construction Products Limited

Notes to the Financial Statements for the Year Ended 31 December 2013 (continued)

4 Directors' emoluments

	2013 £'000	2012 £'000
Aggregate emoluments (excluding defined benefit pension scheme contributions of £45,000 (2012: £ 27,000))	613	501

Retirement benefits are accruing to 3 directors (2012: 3) under a defined benefit scheme.

	2013 £'000	2012 £'000
Highest paid director:		
Aggregate emoluments and benefits	193	179
Defined benefit pension schemes:		
Accrued pension at end of year	32	29

Four (2012: four) of the directors are primarily employed by other companies in the Group and remunerated by those companies for their services to the group as a whole. Only one of these director's emoluments and benefits has been recharged to the company amounting to £132,000 (2012: £94,000).

5 Employees

The average monthly number of persons including directors employed during the year by category was:

	2013 Number	2012 Number
Clerical and Administrative Staff	9	9
Distribution Staff	79	75
Other (manufacturing)	4	4
	92	88

6 Interest receivable and similar income

	2013 £'000	2012 £'000
Interest receivable on bank deposits	-	-
Interest receivable on loans owed by group undertakings	58	59
	58	59

Grace Construction Products Limited

Notes to the Financial Statements for the Year Ended 31 December 2013 (continued)

7 Interest payable and similar charges

	2013 £'000	2012 £'000
Interest payable on bank overdraft	22	18

8 Tax on profit/(loss) on ordinary activities

	2013 £'000	2012 £'000
(a) Analysis of charge/(credit) in the year		
Current tax:		
UK corporation tax on profit/(loss) for the year	-	(487)
Total current tax charge/(credit)	-	(487)
Deferred tax:		
Origination and reversal of timing differences	(8)	46
Total deferred tax (note 16)	(8)	46
Tax charge/(credit) on profit/(loss) on ordinary activities	(8)	(441)

The tax charge/(credit) assessed for the year is higher (2012: lower) than the standard rate of corporation tax in the UK 23.25% (2012: 24.50%). The differences are explained below:

(b) Factors affecting tax charge for the year

	2013 £'000	2012 £'000
Profit/(loss) on ordinary activities before taxation	2,017	(1,532)
Profit/(loss) on ordinary activities multiplied by standard rate of UK corporation tax of 23.25% (2012: 24.50%)	469	(375)
Effects of:		
Expenses not deductible/(income not taxable)	6	11
Other permanent differences	(218)	(283)
Release of the provision for dilapidation	6	7
Utilisation of un-provided tax losses	(257)	-
Capital loss on disposal of fixed assets	(6)	6
Investment impairment review	-	147
Current tax charge/(credit) for the year	-	(487)

Grace Construction Products Limited

Notes to the Financial Statements for the Year Ended 31 December 2013 (continued)

8 Tax on profit/(loss) on ordinary activities (continued)

From 1 April 2013 the main rate of corporation tax will be reduced to 23%.

On 17 July 2013, Finance Act 2013 was enacted which reduced the main rate of corporation tax from 23% to 21% from 1 April 2014 and 20% from 1 April 2015.

As at 31 December 2013, there are potential deferred tax assets of £655,000 (2012: £1,760,000), which are not being recognised due to insufficient certainty of future taxable profits in line with UK GAAP principles.

9 Intangible assets

	Patents £'000	Goodwill £'000	Total £'000
Cost			
At 1 January 2013 and 31 December 2013	254	3,215	3,469
Accumulated amortisation			
At 1 January 2013	254	3,215	3,469
Charge for the year	-	-	-
At 31 December 2013	254	3,215	3,469
Net book value			
At 31 December 2013	-	-	-
At 31 December 2012	-	-	-

Grace Construction Products Limited

Notes to the Financial Statements for the Year Ended 31 December 2013 (continued)

10 Tangible assets

	Leasehold buildings £'000	Plant and machinery £'000	Total £'000
Cost			
At 1 January 2013	99	1,297	1,396
Additions	-	155	155
Disposal	-	-	-
At 31 December 2013	99	1,452	1,551
Accumulated depreciation			
At 1 January 2013	38	218	256
Charge for the year	23	125	148
Eliminated on disposal	-	-	-
At 31 December 2013	61	343	404
Net book value			
At 31 December 2013	38	1,109	1,147
At 31 December 2012	61	1,079	1,140

All leaseholds as at 31 December 2013 are short leasehold.

11 Fixed assets investments

	2013 £'000	2012 £'000
Cost and net book value		
Investment in De Neef UK Limited (incorporated in England & Wales) - 100% of Equity Ordinary Capital.	782	782
Impairment	(600)	(600)
As at 31 December 2013	182	182

The investment is in De Neef UK Limited (incorporated in England & Wales). The company acquired the share capital of De Neef Limited on 1 May 2013. The principal activity of this company is the sale of waterproofing materials. De Neef UK Limited is a wholly owned subsidiary of Grace Construction Products Limited with net assets at the balance sheet date of £696,735 (2012: £721,917), and losses of £25,183 (2012: £45,260). The impairment charge in the prior year reflects the directors' assessment of the amounts expected to be realised from the underlying net assets.

Grace Construction Products Limited

Notes to the Financial Statements for the Year Ended 31 December 2013 (continued)

12 Stocks

	2013 £'000	2012 £'000
Raw materials and consumables	176	241
Work in progress	94	99
Finished goods and goods for resale	1,432	1,798
	<u>1,702</u>	<u>2,138</u>

13 Debtors

	2013 £'000	2012 £'000
Trade debtors	4,701	5,606
Amounts owed by group undertakings	8,505	5,708
Loans owed by group undertakings due after one year	5,533	5,663
Deferred tax	18	10
Other debtors	1,900	2,272
Prepayments and accrued income	145	142
	<u>20,802</u>	<u>19,401</u>

Amounts owed by group undertakings are interest free, unsecured and do not have fixed repayment terms.

Loans owed by group undertakings are unsecured and have no fixed repayment date, but the company has confirmed that no amounts will be requested for repayment in the next 12 months from the balance sheet date. Interest is charged at 1.5% above LIBOR.

14 Creditors - amounts falling due within one year

	2013 £'000	2012 £'000
Bank overdraft	170	-
Trade creditors	654	1,927
Amounts owed to group undertakings	7,907	8,612
Taxation and social security	1,336	708
Accruals and deferred income	1,349	1,605
	<u>11,416</u>	<u>12,852</u>

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand.

Grace Construction Products Limited

Notes to the Financial Statements for the Year Ended 31 December 2013 (continued)

15 Cash pooling

Included within the amounts owed to/by group undertakings is the cash pooling balance of an overdraft of £3,775,327 (2012: £275,318). As disclosed in note 1, the company is subject to a cash pooling arrangement with Deutsche Bank whereby its bank accounts are zero balanced each day by transfer to or from Grace N.V. Amounts owed to or held by within this cash pooling arrangement attributable to Grace Construction Products Limited are immediately payable or accessible by/to the company on demand and accrue interest.

16 Provisions for liabilities

The movement in provisions for liabilities is as follows:

	Dilapidation Provision £'000	Total £'000
At 1 January 2013	87	87
Profit and loss account	27	27
Utilised in the year	-	-
Transferred to debtors as deferred tax asset	-	-
At 31 December 2013	114	114

The dilapidation provision represents estimated dilapidation costs to be incurred on leasehold properties. Under the lease agreements of these properties the company is liable for the rectification costs associated with dilapidation over the life of the lease. The provision is calculated on management's best estimates of the obligation arising from the extent of the wear and tear taking place each year.

17 Called up share capital

	2013 £'000	2012 £'000
Authorised - 15,000,000 ordinary shares of £1 each	15,000	15,000
Allotted and fully paid - 13,525,000 ordinary shares of £1 each	13,525	13,525

Grace Construction Products Limited

Notes to the Financial Statements for the Year Ended 31 December 2013 (continued)

18 Reserves

	Share Premium Account £'000	Profit and loss Account £'000
At 1 January 2013	832	(4,079)
Profit for the financial year	-	2,025
At 31 December 2013	832	(2,054)

19 Reconciliation of movement in shareholders' funds

	2013 £'000	2012 £'000
Opening shareholders' funds	10,278	11,369
Profit/(loss) for the financial year	2,025	(1,091)
Closing shareholders' funds	12,303	10,278

20 Lease commitments

At 31 December 2013 the company had annual commitments under non-cancellable operating leases for assets expiring as follows:

	Land and buildings		Other leases	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Within 1 year	17	-	65	61
Between 2 - 5 years	209	32	139	194
Over 5 years	168	343	-	-
	394	375	204	255

21 Pension commitments

The Grace UK Pension Plan

The Company participates in the Grace UK Pension Plan ("the Plan"), which is a defined benefit plan. The Plan is a multi-employer scheme. However, the Plan has been accounted for on a defined contribution basis because the employer is unable to identify its share of the underlying assets and liabilities of the Plan because the underlying contribution rate is set at a common level and does not reflect the underlying characteristics of the workforce of the Company.

Grace Construction Products Limited

Notes to the Financial Statements for the Year Ended 31 December 2013 (continued)

21 Pension commitments (continued)

Although the Plan is "defined benefit" in nature, under the provisions of FRS17, the pension cost charged to the profit and loss has been determined as the actual contributions paid over the financial year, i.e. as if it were on a "defined contribution" basis.

The Plan is a funded pension scheme providing benefits based on final pensionable salary. The assets of the Plan are held separately from those of the Company and a qualified actuary, on the basis of triennial valuations using the projected unit method, determines contributions to the Plan.

The most recent formal valuation of the Plan prepared for the Trustees as at 31 March 2013 showed a funding surplus at that date of £1.6 million. The next formal valuation of the Plan is due as at 31 March 2016.

The surplus in the Plan at 31 December 2013, calculated on a basis consistent with the requirements of FRS17, was £13.3 million (2012: surplus of £10.4 million). The market value of the Plan's assets at 31 December 2013 was £152.7 million (2012: £158.9 million), while the actuarial value of the Plan's liabilities totalled £139.4 million (2012: £148.5 million),

The assumptions which have the most significant effect on the FRS17 consistent valuation as of 31 December 2013 were:

ASSUMPTIONS	2013	2012
Discount rate	4.50%	4.60%
Inflation (RPI)	3.60%	3.10%
Inflation (CPI)	2.60%	2.10%
Rate of increase in salaries	4.60%	4.10%
Pre retirement pension increase rate		
Statutory revaluation capped at 5.0%	2.60%	2.10%
Statutory revaluation capped at 2.5%	2.50%	2.10%
Post retirement pension increase rate:		
Pension earned since 2006	2.50%	2.50%
Pension earned 1997-2006	3.60%	3.10%
Pre 97 pension (in excess of GMP)	0.00%	0.00%
Post 88 GMP	2.60%	2.10%
Pre 88 GMP	0.00%	0.00%
Mortality unadjusted	S1NA tables unadjusted CMIB 2013 Projections based on year of birth with 1.500% minimum improvement per annum	S1NA tables unadjusted CMIB 2009 Projections based on year of birth with 1.500% minimum improvement per annum
	2013	2012
Active retirements	100% at age 60	100% at age 60
Deferred retirements	At Normal	At Normal
Pension Age Cash	10% of pension	10% of pension

Grace Construction Products Limited

Notes to the Financial Statements for the Year Ended 31 December 2013 (continued)

21 Pension commitments (continued)

During 2013 the Company paid ongoing contributions of 23.6% of Plan Salaries. However, this is inclusive of the contribution due from members of 7% of Plan Salary, although those contributions are now made by way of a salary sacrifice arrangement. The Company meets non-investment expenses including PPF levy payments as they fall due. The Company also pays contributions on a defined contribution basis relating to member AVCs. Pension costs prepaid or outstanding at year-end were nil.

The Pension Charge for 2013 was £672,494 (2012: £647,877), corresponding to the actual contributions due by Grace Construction Products Limited. In addition an amount of £37,651 (2012: £36,965), which relates to Additional Voluntary Contributions made. Pension costs prepaid or outstanding at year-end were nil.

22 Related party transactions

As the company is a wholly owned subsidiary of W. R. Grace & Co, which prepares publicly available consolidated financial statements, the company has taken advantage of the disclosure exemption under Financial Reporting Standard Number 8 "Related Party Disclosures" in relation to transactions and balances with other wholly owned companies within the W. R. Grace & Co Group.

23 Cash flow statement

As the company is a wholly owned subsidiary of W. R. Grace & Co, the company has taken advantage of the disclosure exemption under Financial Reporting Standard Number 1 "Cash Flow Statements" (Revised 1996) not to produce a cash flow statement as it is included in the consolidated financial statements of that company, which are publicly available.

24 Ultimate parent undertaking and controlling party

The immediate parent undertaking is W.R. Grace Limited. The ultimate parent undertaking and controlling party is W. R. Grace & Co, incorporated in the United States of America.

The only consolidated financial statements prepared and of which the company is a member is that of the ultimate holding company. Copies of the ultimate holding company's financial statement are publically available and can be obtained at the address below.

Name	W. R. Grace & Co
Country of incorporation	United States of America
Address from which copies of the group financial statements are publicly available	7500 Grace Drive Columbia Maryland 21044 USA
